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CURRENT SUPPORT BRIEF

THE DEVELOPMENT OF THE SOVIET DIAMOND MINING INDUSTRY

OFFICE OF RESEARCH AND REPORTS

CENTRAL INTELLIGENCE AGENCY

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THE DEVELOPMENT OF THE SOVIET DIAMOND MINING INDUSTRY

In sharp contrast with its historical dependence on foreign sources for industrial diamonds, the USSR may be self-sufficient in industrial stones by 1965 as the result of substantially increasing output from recently discovered deposits in the Yakutsk ASSR. Soviet success in developing its diamond fields is evident in the sale of a substantial quantity of diamond gem stones to the Free World in 1960 reported in official Soviet trade statistics, 1/ and the recent announcement that the 1963 diamond production goal would be achieved in 1961, two years ahead of schedule. 2/ The achievement of the 1965 goal, which now appears likely, will be an important influence in raising productivity in diamond-consuming industries. These industries were particularly affected by the COCOM embargo during the early 1950's which forced the USSR to rely on a small trickle of smuggled stones from the Free World and on less satisfactory diamond substitutes.

DEPOSITS

Although small deposits of diamonds in the Urals had been worked for many years, the USSR was virtually without a domestic supply of industrial diamonds until the post World War II discoveries of a large number of deposits of varying sizes and richness in the Yakutsk ASSR. Three of the richest lode deposits discovered in the intensive postwar search, the Mir, the Udachnaya, and the Aykhal were chosen for development. Work was begun first on the Mir, and by 1958 a small town had been established near the deposit and one processing plant was in operation. 3/ In the following three years, four additional plants were built and the town was expanded to a population of more than 20,000. 4/ Work had progressed so well at the Mir deposit by 1960 that many of the development teams were transferred to the site of the Udachnaya deposit, the second deposit scheduled for development under the original plan. Roads to this remote area, which lies north of the Arctic Circle, are being constructed, and a processing plant has been erected and now is in operation at the mine. 5/ Little has been reported about the Aykhal deposit other than that it is the largest and richest diamond deposit in the USSR and perhaps in the world, and that it is inaccessible to motor vehicles during much of the year. 6/ Exploratory work presently is underway, and a small settlement has been established, but nothing has been mentioned of the building of processing facilities, and exploitation probably has not yet begun on a commercial scale.

PRODUCTION

Although no quantitative figures of diamond output have been released by the USSR, annual increases in production in the period 1956-1961 and the relation of this series to the plan goal for 1965 have been published. Numerous Soviet statements have implied that the original goal for 1965 was self-sufficiency. According to other statements specifically defining self-sufficiency, an implied level of production of approximately 10 million carats in 1965 would meet Soviet criteria. 7/ Recent press releases suggest that the original production goal for 1965 has been raised lately to 16,000,000 carats. 8/ Analysis of the most recent information on progress of development, however, gives little indication of how a level of production of this magnitude is to be achieved in the remaining four years of the plan period. Assuming that the lower goal -- 10 million carats -- is the

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target for 1965, annual output in the period 1956-1961 and the plan for 1962 can be derived as shown in the following table.

PRODUCTION OF DIAMONDS IN THE USSR
(in carats)

1956	80,000	9/
1957	200,000	10/
1958	640,000	11/
1959	1,700,000	12/
1960	2,110,000	13/
1961	3,840,000	14/
1962	6,400,000	Plan 15/
1963	7,600,000	*
1964	8,800,000	*
1965	10,000,000	Plan 16/

IMPORT - EXPORT

Since the lifting of the COCOM embargo late in 1958, the USSR has not bought any large quantities of diamonds on Free World markets. The relative lack of interest which the USSR has displayed in legal purchases may be due to expectations that its domestic supply soon will be adequate and to its unwillingness to become dependent upon Free World sources which could be cut off without notice. Presumably the USSR has maintained its channels for acquiring smuggled diamonds since 1958, but the importance of illegal sources doubtless is diminishing rapidly and may end entirely in 1962. Sales to the Free World until recent years have been quite negligible. Even the 1960 sales of approximately 114,200 carats--though significantly more than in former years--represented only a small percentage of total Soviet production. Sales information for 1961 is not yet available.

* Interpolated

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